

## Message Text

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ORIGIN EB-07

INFO OCT-01 AF-06 EUR-12 EA-10 ISO-00 JUSE-00 L-03 IO-10

SP-02 AID-05 NSC-05 CIEP-02 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 COME-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 NSAE-00 PA-02 PRS-01 USIA-15 /114 R

DRAFTED BY EB/CSB/BP:WBLOCKWOOD:BT  
APPROVED BY EB/CSB/BP:HARVEY J. WINTER  
JUSTICE:RMORRISON (SUBS)  
L/EB:TTALLERICO  
EB/BP:RJBUSHNELL  
UK:NACHILLES  
FRANCE:WMARSH  
AUSTRALIA:HNELSON  
CANADA:DHOLTON EUR/RPE:JMCCARTHY  
SOUTH AFRICA:RJDOLS

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R 122239Z JUN 75  
FM SECSTATE WASHDC  
TO AMEMBASSY LONDON  
AMEMBASSY OTTAWA  
AMEMBASSY CANBERRA  
AMEMBASSY PARIS  
INFO USMISSION OECD PARIS  
AMEMBASSY PRETORIA  
AMCONSUL CAPE TOWN

UNCLAS STATE 137875

E.O. 11652: N/A

TAGS:ETRD, OECD, AS, CA, UK, FR, SF

SUBJECT: ANTITRUST: URANIUM PRODUCER'S CARTEL

CAPETOWN FOR EMBASSY  
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1. THE DEPARTMENT OF JUSTICE HAS INFORMED THE DEPARTMENT THAT IT IS PRESENTLY CONDUCTING AN INVESTIGATION OF AN ALLEGED CARTEL OF PRODUCERS OF FOREIGN URANIUM OXIDE. THE CARTEL IS REPORTED TO CONTROL SUPPLIES AND FIX PRICES OF FOREIGN URANIUM OXIDE WITH AN EFFECT ON U.S. FOREIGN COMMERCE. FOREIGN INDIVIDUALS AND CORPORATIONS MAY BE INVOLVED IN CRIMINAL OR CIVIL VIOLATIONS OF THE FOLLOWING U.S. STATUTES: SHERMAN ACT, SECTIONS 1 AND 2; WILSON TARIFF ACT, SECTION 73; TARIFF ACT OF 1930, SECTION 337.

2. THE ALLEGED CARTEL IS REPORTEDLY CALLED THE URANIUM PRODUCERS' FORUM. THE MAJOR FOREIGN PRODUCERS WHO ARE MEMBERS OF THE CARTEL APPARENTLY CONTROL SUBSTANTIALLY ALL OF THE FOREIGN PRODUCED URANIUM. THEY INCLUDE BRITAIN'S RIO TINTO ZINC CORPORATION LTD., CANADA'S RIO ALGOM AND DENNISON MINES, LTD., AUSTRALIA'S WESTERN MINING, FRANCE'S URANEX AND SOUTH AFRICA'S NUCLEAR FUELS CORP.

3. THE CARTEL APPARENTLY HAS A SUBSTANTIAL EFFECT ON U.S.

COMMERCE AT THIS TIME, EVEN THOUGH THERE IS AN EMBARGO ON U.S. IMPORTS UNTIL 1977. AEC RULES REPORTEDLY ALLOW SWAPS OF DOMESTIC BARRELS OF URANIUM FOR FOREIGN PRODUCED URANIUM AT U.S. REFINERIES. THUS, A U.S. OWNER OF FOREIGN URANIUM MAY SWAP IT WITH A FOREIGN USER WHO OWNS U.S. PRODUCED URANIUM. MOREOVER, CONTRACTS ARE CURRENTLY BEING MADE FOR FUTURE DELIVERY SO THAT THERE IS A KIND OF OVER-THE-COUNTER FUTURES MARKET IN WHICH FUTURE DELIVERY CONTRACTS ARE MADE AND TRADED. OLD CONTRACTS FOR FUTURE DELIVERY AT LOW PRICES HAVE APPARENTLY BEEN REPUDIATED BY FOREIGN PRODUCERS AND NEW PRICES NEGOTIATED.

4. IT IS LIKELY THAT IN PERSONAM JURISDICTION MAY BE OBTAINED OVER AT LEAST THREE OF THE FORUM MEMBERS. RIO TINTO ZINC OWNS U.S. BORAX & CHEMICALS CO., A U.S. COMPANY ENGAGED IN THE PRODUCTION OF POTASH BUT NOT URANIUM. RIO ALGOM, A SUBSIDIARY OF RIO TINTO ZINC, OWNS LISBON MINE IN UTAH. DENNISON MINES LTD. HAS OPERATIONS IN COLORADO. HOWEVER, DOCUMENT PRODUCTION MAY BE A PROBLEM IN THIS CASE IN THAT BRITAIN, AND SOME CANADIAN PROVINCES HAVE UNCLASSIFIED

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LAWS HINDERING THE PRODUCTION OF DOCUMENTS FOR OTHER NATIONS.

5. JUSTICE HAS PREPARED A LETTER WHICH IT INTENDS TO SEND TO RIO TINTO ZINC CORPORATION IN LONDON AND TO RIO ALGOM AND DENNISON MINES BOTH IN ELLIOTT LAKE, ONTARIO, WHICH REQUESTS VOLUNTARY SUBMISSION OF CERTAIN DOCUMENTS. THE LETTER REQUESTS DOCUMENTS RELATED TO FOREIGN MEETINGS OF

URANIUM OXIDE PRODUCERS, RESTRICTIONS ON TRADE INCLUDING PRICING AND QUOTAS, GOVERNMENT APPROVAL OR PARTICIPATION IN THESE MATTERS, URANIUM OXIDE RESOURCES AND PRODUCTION, AND ANNUAL REPORTS. IT SHOULD BE NOTED THAT THIS SUBJECT IS IN THE INVESTIGATORY STAGE ONLY -- NO FORMAL ACTION HAS BEEN TAKEN NOR IS IT KNOWN IF SUCH ACTION WILL BE TAKEN.

6. FOR LONDON AND OTTAWA. PURSUANT TO 1967 OECD RECOMMENDATION ON NOTIFICATION ON ANTITRUST MATTERS, REQUEST NOTIFY UK OFFICE OF FAIR TRADING, CHANCERY HOUSE, 53 CHANCERY LANE, LONDON AND CANADIAN DIRECTOR OF INVESTIGATION AND RESEARCH, BUREAU OF COMPETITION POLICY, DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS (MR. R. J. BERTRAND) RESPECTIVELY, OF THIS INVESTIGATION. IN ADDITION, INFORM THEM OF THE LETTER TO BE SENT TO THE COMPANIES NAMED ABOVE REQUESTING VOLUNTARY SUBMISSION OF DOCUMENTS.

7. FOR CANBERRA AND PARIS. REQUEST INFORM THE SECRETARY, ATTORNEY-GENERAL'S DEPARTMENT, ADMINISTRATIVE BUILDING, CANBERRA, AND MINISTRY OF FOREIGN AFFAIRS (WITH A COPY TO FRENCH DELEGATION TO OECD), PARIS, RESPECTIVELY, OF

THE INVESTIGATION.

8. PLEASE REPORT ANY SIGNIFICANT HOST GOVERNMENT REACTIONS. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Copy:** SINGLE  
**Draft Date:** 12 JUN 1975  
**Decaption Date:** 01 JAN 1960  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ANTITRUST: URANIUM PRODUCER'S CARTEL  
**TAGS:** ETRD, AS, CA, UK, FR, SF, OECD  
**To:** LONDON OTTAWA CANBERRA PARIS OECD PARIS PRETORIA CAPE TOWN  
**Type:** TE  
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